

**Transportation Administrative Service Center
Statement of Financial Position
As of September 30, 2000
(Dollars in Thousands)**

ASSETS

Cash	\$	11,899
Accounts Receivable		35,163
Other Advances		46
Prepayments		15,281
Fixed Assets:		
Equipment-Personal Property	\$	30,975
Less: Accumulated Depreciation	(24,871)	6,104
Automated Data Processing Software	2,361	
Less: Accumulated Depreciation	(1,731)	630
Leasehold Improvements	787	
Less: Accumulated Depreciation	(747)	40
Buildings Unclassified		368
TOTAL ASSETS	\$	69,531

LIABILITIES

Accounts Payable:		
Government Agencies	\$	8,963
Commercial Vendors		31,751
Accrued Liabilities:		
Advances from Others		673
Advances from Others - WCF Operations		5,347
Other Accrued Liabilities – Unclassified		1,665
Salaries and Wages		2,855
Annual Leave		1,561
Actuarial Liabilities (Unfunded)		467
TOTAL LIABILITIES	\$	53,282

CAPITAL

TOTAL EQUITY	\$	16,249
TOTAL LIABILITIES AND CAPITAL	\$	69,531



Additional Supplemental Information

**Transportation Administrative Service Center
Statement of Equity
As of September 30, 2000
(Dollars in Thousands)**

EQUITY INVESTED	\$ 2,715
EQUITY AVAILABLE FOR REINVESTMENT	10,828
CAPITAL INVESTMENTS - UNFILLED ORDERS	6,430
CUMULATIVE RESULTS FROM OPERATIONS	(3,257)
FUTURE FUNDING REQUIREMENTS	(467)
TOTAL EQUITY	\$ 16,249

Transportation Administrative Service Center
Statement of Revenue and Expenses
As of September 30, 2000
(Dollars in Thousands)

REVENUE

OST	\$ 9,166
USCG	16,865
FAA	25,054
FRA	2,196
NHTSA	7,561
FTA	2,939
SLSDC	132
RSPA	4,232
MARAD	2,741
OIG	1,831
FHWA	15,263
BTS	2,223
FMCSA	4,092
STB	71
Others (Non-DOT Customers)	<u>82,240</u>

TOTAL REVENUE	\$	176,606
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LESS - ACTUAL EXPENSES

Personnel Compensation	\$ 17,357
Personnel Benefits	4,499
Benefits for Former Personnel	1,095
Travel & Transportation of Personnel	515
Transportation of Things	333
Rent, Communication and Utilities	15,659
Printing and Reproduction	(26)
Other Contractual Services	125,369
Supplies and Materials	1,643
Depreciation Expense	6,611
Non Capitalized Equipment	3,252
Damage to Property	4
Interest and Penalties	50
Billing Adjustments	(6)
Allowance for Uncollectable Receivable	<u>39</u>

TOTAL EXPENSES	\$	176,394
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FY 2000 NET RESULTS FROM OPERATIONS		212
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FY 1999 CUMULATIVE RESULTS		(3,469)
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CUMULATIVE RESULTS FROM OPERATIONS	\$	(3,257)
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**FEDERAL AVIATION ADMINISTRATION
Administrative Services Franchise Fund
September 30, 2000**

Background/Fund Establishment

The franchise concept is designed to create competition within the public sector for the performance of a variety of support services. This allows for the establishment of an environment to maximize the use of internal resources through the consolidation and joint-use of like functions and to gain the efficiencies and economies of scale associated with the competitive offering of services to other Government agencies.

The Government Management Reform Act (GMRA) of 1994, Public Law 103-356, provided for the establishment of six franchise fund pilot programs. The six pilots were authorized by the President's Chief Financial Officers (CFO) Council prior to submission of the FAA Franchise Fund proposal. However, the CFO Council's Franchise Fund Working Group strongly endorsed the FAA proposal and recommended submission to Congress as a franchise-like operation. This endorsement resulted in Congressional approval, and the Administrative Services Franchise Fund was established in FY 1997.

Services

The Administrative Services Fund offers a wide variety of services. These include international training, accounting, payroll, travel, duplicating, multi-media, information technology, and management training. The customer base for Franchise fund services includes DOT and non-DOT Government agencies.

Benefits/Accomplishments

The objective of the franchise program is to enhance the support provided to the core programmatic mission of FAA. Benefits from the franchise environment occur incrementally over time through efficiencies and economies of scale associated with development of partnerships and consolidation of like functions plus the addition of new customers. Activities within the Administrative Services Franchise Fund have identified a number of advantages, benefits, and results from participation in the fund. The franchise has been the catalyst for management initiatives relating to improved business practices that have resulted in the following general impacts/benefits:

- A more business-like orientation
- Customer-driven decisions
- Emphasis on the cost of doing business and the full recovery of costs
- Reduction in the delivery price of some products and or services
- Flexibility of the revolving fund environment
- Use of retained earnings to build a base for equipment upgrades, improved services, etc.
- Renewed employee enthusiasm and the sense of challenge
- Development and refinement of specific measurement processes
- Identification of partnering and/or consolidation opportunities

Specific accomplishments include:

- Centralized and consolidated international training activities at the FAA Academy at no additional cost.
- Increased FAA influence on global aviation system and improvement of overall safety through advancement of the international training program.
- Increased the number of international training students by 27 percent in FY 2000, and increased the number of international resident training courses by 30 percent.
- Established an international training carryover reserve to supplement operating income during periods of variable cash flow.

- Used the international training revolving fund carryover provision to: create an Air Traffic simulation lab for international students, establish a generic computer training interface to allow development of country-specific or generic airspace, develop two new Air Traffic courses and one Aviation Security course, and renovate a dedicated classroom for international courses.
- Shortened turnaround time for routine printing jobs from 10 to 4 days.
- Purchased equipment upgrades in printing and multi-media to improve technology, increase capability, and replace worn-out units through use of the retained earnings provisions of the revolving fund. This resulted in improved service delivery and would not have been possible using the annual appropriation cycle alone.
- Achieved a cost avoidance of approximately \$700,000 in FY 2000 from lower in-house impression costs in the print shop.
- Maintained an 8 percent reduction in printing impression costs implemented in FY 1999 resulting from efficiencies gained through new technology and economies of scale associated with new customers and increased product output.
- Centralized permanent change of station (PCS) processing for all of FAA resulting in a cost avoidance of approximately \$100,000, increased customer satisfaction, improved travel voucher processing time, and reduced overall staffing as a result of providing travel services to multiple DOT customers.
- Reduced payroll account cost by streamlined processing procedures allowing consolidation of a larger number of accounts per pay technician.
- Enhanced the FAA's clean financial statement posture through support actions relating to expansion of the franchise to include the FAA Logistics Center.

Additional Supplemental Information

Deferred Maintenance:

(Dollars in Thousands)

DOT Entity	Major Class of Asset	Method of Measurement	Asset Condition*	Cost to Return to Acceptable Condition**
FAA	Buildings	Condition Assessment Survey	4 & 5	\$ 30,971
	Other Structures and Facilities	Condition Assessment Survey	4 & 5	59,290
MARAD	Vessels, Ready Reserve Force	Condition Assessment Survey	3	27,393
	Real Property, Anchorage	Condition Assessment Survey	4	510
	Real Property, Buildings	Condition Assessment Survey	5	3,280
USCG	Aircraft	Condition Assessment Survey	Variable	37,994
	Vessels	Condition Assessment Survey	Variable	18,485
	Shore Facilities	Condition Assessment Survey	Variable	362,069
	Electronics Systems	Condition Assessment Survey	Variable	28,226
			Total	<u>\$ 568,218</u>

*Asset Condition Rating Scale:

- 1 - Excellent
- 2 - Good
- 3 - Fair
- 4 - Poor
- 5 - Very Poor

Deferred Maintenance:
****Acceptable Condition is:**

FAA Buildings	3 - Fair
FAA Other Structures and Facilities	3 - Fair
MARAD Vessels, Ready Reserve Force	1 - Excellent - Ships are seaworthy and ready for mission assignments within prescribed time limits.
MARAD, Real Property, Anchorage	3 - Fair - Adequate water depth, shore power, and mooring capabilities.
MARAD, Real Property, Buildings	3 - Fair - Buildings are safe and inhabitable.
USCG Aircraft	1 - Excellent
USCG Vessels	1 - Excellent
USCG Shore Facilities	1 - Excellent
USCG Electronic Systems	1 - Excellent

Deferred Maintenance is maintenance that was not performed when it should have been or was scheduled to be performed and delayed until a future period. Maintenance is keeping fixed assets in acceptable condition, and includes preventative maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve assets in a condition to provide acceptable service and to achieve expected useful lives.

In implementing this evolving standard, the Coast Guard has developed a comprehensive evaluative technique that includes such detailed factors as: the value of planned vessel, aircraft, or electronic systems overhauls and depot-level projects which were held awaiting funding at fiscal year end; the value of inventory reorders called for by logistics stocking algorithms which were held awaiting funding at fiscal year end; and the value of broken (repairable) inventory items needing repair which were held awaiting funding at fiscal year end. The Coast Guard's engineering systems are geared toward maintaining assets in excellent condition, and those systems have been used for this disclosure. However, the Coast Guard is continuing to evaluate the standard of "acceptable condition," and is considering developing a technique to estimate the cost to bring Shore Facilities and Vessels to "fair" or "good" condition, which may more appropriately correspond to a functional definition of "acceptable condition."

No material maintenance was deferred on FAA land, aircraft, National Airspace Equipment, or general purpose equipment. MARAD reports no material deferred maintenance for other vessels or equipment.

Intragovernmental Balances by Trading Partner:

(Dollars in Thousands)

Intragovernmental Assets by Trading Partner:

<u>Agency</u>	<u>Fund Balance with Treasury</u>	<u>Investments</u>	<u>Accounts Receivable</u>	<u>Other Assets</u>
Department of the Treasury	\$ 17,090,363	\$ 46,909,251	\$ 231,192	\$ (17,313)
Department of Defense	-	-	247,737	93,837
U.S. Capitol Police	-	-	4,201	-
Natl. Aero. and Space Admin.	-	-	4,056	-
Department of State	-	-	3,986	-
General Services Administration	-	-	3,920	3,670
Department of Energy	-	-	3,066	-
Department of Commerce	-	-	1,612	-
Department of Interior	-	-	1,433	-
Department of Justice	-	-	1,238	-
Securities and Exchange Comm	-	-	260	-
Environmental Protection Agency	-	-	242	-
Fed. Emergency Mgmt. Admin.	-	-	46	-
Department of Agriculture	-	-	22	-
Department of Labor	-	-	21	-
Department of Education	-	-	20	-
Government Printing Office	-	-	-	18
US Trade & Develop. Agency	-	-	17	-
Other Miscellaneous Agencies	-	-	34,745	71,508
Total	<u>\$ 17,090,363</u>	<u>\$ 46,909,251</u>	<u>\$ 537,814</u>	<u>\$ 151,720</u>
Total Intragovernmental Assets	<u>\$ 64,689,148</u>			

Intragovernmental Balances by Trading Partner:

(Dollars in Thousands)

Intragovernmental Liabilities by Trading Partner:

<u>Agency</u>	<u>Accounts Payable</u>	<u>Environmental and Disposal Liabilities</u>	<u>Debt</u>	<u>Other Liabilities</u>
Department of the Treasury	\$ 50,789	\$ -	\$ 808,584	\$ 24,488
Department of Interior	405,062	-	-	460
Department of Defense	266,696	-	-	90,999
Department of Labor	-	-	-	221,367
Office of Personnel Management	14	-	-	37,472
General Services Administration	3,899	-	-	2,370
Federal Financing Bank	9	-	3,549	-
Environmental Protection Agency	-	-	-	2,516
U.S. Capitol Police	-	-	-	436
Department of Commerce	87	-	-	160
Department of State	-	-	-	213
U.S. Postal Service	-	-	-	203
Government Printing Office	-	-	-	157
Social Security Administration	-	-	-	105
Other Miscellaneous Agencies	<u>158,486</u>	<u>453,936</u>	<u>-</u>	<u>483,819</u>
Total	<u>\$ 885,042</u>	<u>\$ 453,936</u>	<u>\$ 812,133</u>	<u>\$ 864,765</u>
Total Intragovernmental Liabilities	<u>\$ 3,015,876</u>			

Additional Supplemental Information

Intragovernmental Balances by Trading Partner:

(Dollars in Thousands)

Intragovernmental Earned Revenues and Related Costs:

<u>Agency</u>	<u>Intragovernmental Earned Revenue</u>
Department of Defense	\$ 192,719
Department of the Treasury	24,767
U.S. Capitol Police	13,312
Environmental Protection Agency	11,185
Department of Energy	9,703
National Aeronautics and Space Admin.	5,897
Department of Justice	4,616
Department of Commerce	3,798
General Services Administration	3,749
Securities and Exchange Commission	2,975
U.S. Postal Service	1,735
Department of Interior	753
Fed. Emerg. Mgmt. Admin.	697
Department of Agriculture	331
Department of Labor	302
Department of State	146
Department of Health & Human Services.	112
Department of Veterans Affairs	90
Other Miscellaneous Agencies	<u>118,385</u>
Total	<u>\$ 395,272</u>

<u>Budget Functional Classification</u>	<u>Intragovernmental Gross Cost to Generate Revenue</u>
054 Defense-Related Activities	\$ 11,713
304 Pollution Control and Abatement	80,393
401 Ground Transportation	196,403
402 Air Transportation	1,318,272
403 Water Transportation	940,846
407 Other Transportation	124,617
808 Other General Government	<u>21,084</u>
Total	<u>\$ 2,693,328</u>



Intragovernmental Balances by Trading Partner:

Intragovernmental Non-Exchange Revenue:

(Dollars in Thousands)

<u>Agency</u>	<u>Transfers-In</u>	<u>Transfers-Out</u>
Department of the Treasury	\$ 6,330,915	\$ (2,442)
Department of Defense	420,741	(13,732)
General Services Administration	-	(1,555)
Department of Interior	-	(693,271)
Department of Health & Human Services.	343	-
U.S. Corps of Engineers	-	(235,663)
Department of Commerce	39	(15)
Social Security Administration	-	(21)
Dept. of Housing & Urban Development.	-	(16)
Environmental Protection Agency	-	(14,974)
Department of Justice	-	(11)
Other Miscellaneous Agencies	<u>653</u>	<u>(21,202)</u>
Total	<u>\$ 6,752,691</u>	<u>\$ (982,902)</u>